

**REPORT  
OF  
UTILITIES DEPARTMENT  
SOUTH CAROLINA PUBLIC SERVICE COMMISSION**

**TEGA CAY WATER SERVICE, INC.**

**DOCKET NO. 96-137-W/S**

WATER AND WASTEWATER REPORT  
TEGA CAY WATER SERVICE, INC.  
DOCKET NO. 96-137-W/S

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TEGA CAY WATER SERVICE, INC.

SCHEDULE OF PRESENT RATES AND CHARGES

Approved for Tega Cay Water Service, Inc. by the Commission by  
Order No. 93-766 dated August 27, 1993, in Docket No. 92-638-W/S.

I. WATER

1. MONTHLY CHARGES

- |                          |                                               |
|--------------------------|-----------------------------------------------|
| a. Basic Facility Charge | \$6.00 per single - family<br>equivalent unit |
| <u>PLUS</u>              |                                               |
| b. Commodity Charge:     | \$1.18 per 1,000 gallons                      |
| Distribution             |                                               |
| Plus                     |                                               |
| Wholesale cost*          | \$2.96 per 1,000 gallons                      |

- \* The Utility will also charge for the cost of water supplied by the government body or agency, or other entity which is presently \$2.96 per 1,000 gallons. The charges imposed or charged by the government body or agency, or other entity providing water will be charged to the Utility's affected customers on a prorata basis without markup.

The basic facility charge is a minimum charge per unit and shall apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the monthly basic facility charge may be obtained by multiplying the equivalency rating by the basic facility charge of \$6.00.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter. Consumption of all units served through such meter will be averaged; a bill will be calculated based on that average plus the addition of the basic facility charge per unit and the result multiplied by the number of units served by a single meter.

2. NON RECURRING CHARGES

- |                                                                                |                                                              |
|--------------------------------------------------------------------------------|--------------------------------------------------------------|
| a. Tap fee (which includes a<br>service connection charge<br>and capacity fee) | \$600.00 per single - water<br>family equivalent<br>unit *** |
|--------------------------------------------------------------------------------|--------------------------------------------------------------|

The non recurring charges listed above are minimum charges and apply even if the equivalency is less than one. If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for and/or initial connection to the water system is requested.

(\*\*Unless prohibited by contract approved by South Carolina Public Service Commission.)

3. RECONNECTION AND ACCOUNT SET-UP CHARGES

- a. Water reconnection fee \$40.00
- b. Customer account charges \$30.00  
(One-time fee to be charged  
to each new account to defray  
cost of initiating service)

4. OTHER SERVICES

Fire Hydrant - One Hundred Dollars (\$100.00) per hydrant per year for water service payable in advance. Any water used should be metered and the commodity charge in Section One (1) or Two (2) above will apply to such usage.

II. SEWER

1. MONTHLY CHARGES

- a. Residential - Monthly Charge \$25.00  
per single-family house,  
condominium, villa, or  
apartment unit
- b. Commercial - Monthly Charge \$25.00  
per single-family equivalent

The monthly charges listed above are minimum charges and shall apply even if the equivalency is less than one (1). If the equivalency is greater than one (1), then the monthly charges may be calculated by multiplying the equivalency rating by the monthly charge of \$25.00.

2. NON RECURRING CHARGES

- a. Tap fees (which includes sewer family service connection charges and capacity charges) \$1,200.00 per single - equivalent unit

- b. The non recurring charges listed above are minimum charges and apply even if the equivalency rating of a non residential customer is less than one (1). If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

### 3. NOTIFICATION, ACCOUNT SET-UP AND RECONNECTION CHARGES

- a. Notification Fee: A fee of \$15.00 shall be charged each customer to whom the Utility mails the notice as required by Commission Rule R.103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.
- b. Customer Account Charge: A fee of \$20.00 shall be charged as a one-time fee to defray the costs of initiating service. This charge will be waived if the customer is also a water customer.
- c. Reconnection Charges: In addition to any other charges that may be due, a reconnection fee of \$250.00 shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Rule R.103-532.4. The amount of the reconnection fee shall be in accordance with R.103-532.4 and shall be changed to conform with said rule, as the rule is amended from time to time.

## III. GENERAL PROVISIONS

### 1. BILLING CYCLE

Recurring charges will be billed monthly or bi-monthly in arrears. Non recurring charges may be billed and collected in advance of service being provided.

### 2. LATE PAYMENT CHARGES

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half percent (1½%) for each month (or any part of a month) that said payment remains unpaid.

3. TAX MULTIPLIER

Except as otherwise provided by contract approved by the South Carolina Public Service Commission, amounts paid or transferred to the Utility by customers, builders, developers or others, either in the form of cash or property, shall be increased by a cash payment in an amount equal to the income taxes owed on the cash or property transferred to the Utility by customers, builders, developers, or others, and properly classified as a contribution or advance in aid of construction in accordance with the uniform system of accounts. Included in this classification are tap fees.

4. TOXIC AND PRETREATMENT EFFLUENT GUIDELINES

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

5. LANDLORD/TENANT RELATIONSHIP

In the case of landlord/tenant relationship where the tenant is the customer, the Utility may require the landlord to execute an agreement wherein such landlord agrees to be responsible for all charges billed to the premises in accordance with the approved tariffs and the Rules of the Commission, and said account shall be considered the landlord's and tenant's account. In the event the landlord refuses to execute such an agreement, the Utility may not discontinue service to the premises unless and until the tenant becomes delinquent on his account or until the premises are vacated. The Utility may discontinue service pursuant to R.103.535.1 if the account is delinquent or may discontinue service at the time the premises are vacated, and the Utility shall not be required to furnish service thereafter to the premises until the landlord has executed the agreement, and paid the reconnection charges.

6. CONSTRUCTION STANDARDS

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed in constructing parts of the water or sewer systems.

7. SINGLE FAMILY EQUIVALENT

The list set forth below establishes the minimum equivalency rating for commercial customers applying for or receiving sewer service from the Utility. Where the Utility has reason to suspect that a person or entity is exceeding design loading established by the South Carolina Pollution Control Authority in a publication called "Guidelines for Unit Contributory Loading to Wastewater Treatment Facilities" (1972), as may be amended from time to time or as may be set forth in any successor publication, the Utility shall have the right to request and receive water usage records from the provider of water to such person or entity. Also, the Utility shall have the right to conduct an "on premises" inspection of the customer's premises. If it is determined that the actual flows or loadings are greater than the design flows or loadings, then the Utility shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its service in accordance with such recalculated loading.

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UTILITIES DEPARTMENT  
EXHIBIT A  
PAGE 6 OF 14

TYPE OF ESTABLISHMENT	EQUIVALENCY RATING
1. Airport	
(a) Each Employee.....	.025
(b) Each Passenger.....	.0125
2. Apartments.....	1.0
3. Bars	
(a) Each Employee.....	.025
(b) Each Seat (Excluding Restaurant).....	.1
4. Boarding House (Per Resident).....	.125
5. Bowling Alley	
(a) Per Lane (No Restaurant).....	.3125
(b) Additional for Bars and Cocktail Lounges (Per Seat or Person).....	.0075
6. Camps	
(a) Resort (Luxury) (Per Person).....	.25
(b) Summer (Per Person).....	.125
(c) Day (With Central Bathhouse) (Per Person)	.0875
(d) Per Travel Trailer Site.....	.4375
7. Churches (Per Seat).....	.0075
8. Clinics	
(a) Per Staff.....	.0375
(b) Per Patient.....	.0125
9. Country Club (Each Member).....	.125
10. Factories	
(a) Each Employee (No Showers).....	.0625
(b) Each Employee (With Showers).....	.0875
(c) Each Employee (With Kitchen Facilities).	.1
11. Fairgrounds (Per Person Based on Average Attendance).....	.0125
12. Food Service Operations	
(a) Ordinary Restaurant (Up to 12 Hours ) (Per Seat).....	.175
(b) Over 12 Hour Restaurant (Per Seat).....	.25
(c) Curb Service (Drive in) (Per Seat).....	.25
(d) Vending Machine Restaurant (Per Person).	.175



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13.	Hospitals	
	(a) Per Bed.....	.5
	(b) Per Resident Staff.....	.25
14.	Hotels (Per Bedroom - No Restaurant).....	.25
15.	Institutions (Per Resident).....	.25
16.	Laundries (Self Service - Per Machine).....	1.0
17.	Mobile Homes.....	1.0
18.	Motels (Per Unit - No Restaurant).....	.25
19.	Nursing Homes	
	(a) Per Bed (No Laundry).....	.25
	(b) Per Bed (With Laundry).....	.375
20.	Offices (Per Person - No Restaurant).....	.0625
21.	Picnic Parks (Average Daily Attendance) (Per Person).....	.025
22.	Residences (Single Family).....	1.0
23.	Rest Homes	
	(a) Per Bed (No Laundry).....	.25
	(b) Per Bed (With Laundry).....	.375
24.	Schools	
	(a) Per Person (No Showers, Gym, Cafeteria)	.025
	(b) Per Person With Cafeteria (No Gym, Shower).....	.0375
	(c) Per Person With Cafeteria, Gym & Shower.	.05
25.	Service Stations	
	(a) Each Car Served (Per Day).....	.025
	(b) Each Car Washed (Per Day).....	.1875
	(c) First Bay.....	2.5
	(d) Each Additional Bay.....	1.25
26.	Shopping Centers (Per 1,000 sq. ft. Space- No Restaurants).....	.5
27.	Stadiums (Per Seat - No Restaurants).....	.005
28.	Swimming Pools (Per Person _ With Sanitary Facilities and Showers).....	.025
29.	Theatres	
	(a) Drive in (Per Stall).....	.0125
	(b) Indoor (Per Seat).....	.0125

**TEGA CAY WATER SERVICE, INC.**

## SCHEDULE OF PROPOSED RATES AND CHARGES

## I. WATER

## 1. MONTHLY CHARGES

- |                          |                                               |
|--------------------------|-----------------------------------------------|
| a. Basic Facility Charge | \$8.00 per single - family<br>equivalent unit |
|--------------------------|-----------------------------------------------|

PLUS

- b. Commodity Charge: \$1.85 per 1,000 gallons

## Distribution

## Plus

- |                 |                          |
|-----------------|--------------------------|
| Wholesale cost* | \$2.96 per 1,000 gallons |
|-----------------|--------------------------|

- \* The Utility will also charge for the cost of water supplied by the government body or agency, or other entity which is presently \$2.96 per 1,000 gallons. The charges imposed or charged by the government body or agency, or other entity providing water will be charged to the Utility's affected customers on a pro rata basis without

The basic facility charge is a minimum charge per unit and shall apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the monthly basic facility charge may be obtained by multiplying the equivalency rating by the basic facility charge of \$6.00.

When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter. Consumption of all units served through such meter will be averaged; a bill will be calculated based on that average plus the addition of the basic facility charge per unit and the result multiplied by the number of units served by a single meter.

## 2. NON RECURRING CHARGES

- |                                                                                |                                                  |
|--------------------------------------------------------------------------------|--------------------------------------------------|
| a. Tap fee (which includes a water service connection charge and capacity fee) | \$600.00 per single - family equivalent unit *** |
|--------------------------------------------------------------------------------|--------------------------------------------------|

The non recurring charges listed above are minimum charges and apply even if the equivalency is less than one. If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for and/or initial connection to the water system is requested.

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(One-time fee to be charged  
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cost of initiating service)

4. OTHER SERVICES

Fire Hydrant - One Hundred (\$100.00) per hydrant per year for water service payable in advance. Any water used should be metered and the commodity charge in Section One (1) or Two (2) above will apply to such usage.

II. SEWER

1. MONTHLY CHARGES

- a. Residential - Monthly Charge \$25.00  
per single-family house,  
condominium, villa, or  
apartment unit
- b. Commercial - Monthly Charge \$25.00  
per single-family equivalent

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2. NON RECURRING CHARGES

- a. Tap fees (which includes sewer family service connection charges and capacity charges) \$1,200.00 per single - equivalent unit

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6. CONSTRUCTION STANDARDS

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed in constructing parts of the water or sewer systems.

7. SINGLE FAMILY EQUIVALENT

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 EXHIBIT A  
 PAGE 13 OF 14

TYPE OF ESTABLISHMENT	EQUIVALENCY RATING
1. Airport	
(a) Each Employee.....	.025
(b) Each Passenger.....	.0125
2. Apartments.....	1.0
3. Bars	
(a) Each Employee.....	.025
(b) Each Seat (Excluding Restaurant).....	.1
4. Boarding House (Per Resident).....	.125
5. Bowling Alley	
(a) Per Lane (No Restaurant).....	.3125
(b) Additional for Bars and Cocktail Lounges (Per Seat or Person).....	.0075
6. Camps	
(a) Resort (Luxury) (Per Person).....	.25
(b) Summer (Per Person).....	.125
(c) Day (With Central Bathhouse) (Per Person)	.0875
(d) Per Travel Trailer Site.....	.4375
7. Churches (Per Seat).....	.0075
8. Clinics	
(a) Per Staff.....	.0375
(b) Per Patient.....	.0125
9. Country Club (Each Member).....	.125
10. Factories	
(a) Each Employee (No Showers).....	.0625
(b) Each Employee (With Showers).....	.0875
(c) Each Employee (With Kitchen Facilities).	.1
11. Fairgrounds (Per Person Based on Average Attendance).....	.0125
12. Food Service Operations	
(a) Ordinary Restaurant (Up to 12 Hours ) (Per Seat).....	.175
(b) Over 12 Hour Restaurant (Per Seat).....	.25
(c) Curb Service (Drive in) (Per Seat).....	.25
(d) Vending Machine Restaurant (Per Person).	.175

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 UTILITIES DEPARTMENT  
 EXHIBIT A  
 PAGE 14 OF 14

13.	Hospitals	
	(a) Per Bed.....	.5
	(b) Per Resident Staff.....	.25
14.	Hotels (Per Bedroom - No Restaurant).....	.25
15.	Institutions (Per Resident).....	.25
16.	Laundries(Self Service - Per Machine).....	1.0
17.	Mobile Homes.....	1.0
18.	Motels (Per Unit - No Restaurant).....	.25
19.	Nursing Homes	
	(a) Per Bed (No Laundry).....	.25
	(b) Per Bed (With Laundry).....	.375
20.	Offices (Per Person - No Restaurant).....	.0625
21.	Picnic Parks (Average Daily Attendance) (Per Person).....	.025
22.	Residences (Single Family).....	1.0
23.	Rest Homes	
	(a) Per Bed (No Laundry).....	.25
	(b) Per Bed (With Laundry).....	.375
24.	Schools	
	(a) Per Person (No Showers, Gym, Cafeteria)	.025
	(b) Per Person With Cafeteria (No Gym, Shower).....	.0375
	(c) Per Person With Cafeteria, Gym & Shower.	.05
25.	Service Stations	
	(a) Each Car Served (Per Day).....	.025
	(b) Each Car Washed (Per Day).....	.1875
	(c) First Bay.....	2.5
	(d) Each Additional Bay.....	1.25
26.	Shopping Centers (Per 1,000 sq. ft. Space- No Restaurants).....	.5
27.	Stadiums (Per Seat - No Restaurants).....	.005
28.	Swimming Pools (Per Person _ With Sanitary Facilities and Showers).....	.025
29.	Theatres	
	(a) Drive in (Per Stall).....	.0125
	(b) Indoor (Per Seat).....	.0125



DOCKET NO. 96-137-W/S  
UTILITIES DEPARTMENT  
EXHIBIT B  
PAGE 1 OF 1

TEGA CAY WATER SERVICE, INC.  
EFFECT OF PROPOSED RATES ON  
OPERATING REVENUE

REVENUE SOURCE	PRESENT REVENUE	PROPOSED REVENUE	AMOUNT OF INCREASE	PERCENT OF INCREASE
WATER	\$246,647	\$354,414	\$107,767	43.69%
SEWER	\$432,327	\$552,304	\$119,977	27.75%
TOTAL WATER AND SEWER	\$678,974	\$906,718	\$227,744	33.54%

Water and Wastewater Exhibit B shows the effect of the proposed rates and charges on operating revenue. The requested rates and charges will produce \$107,767 or 43.69% in additional water revenue and \$119,977 or 27.75% in additional sewer revenue. Combined the requested rates will produce \$277,744 or 33.54% in additional revenues.

TEGA CAY WATER SERVICE, INC.  
EFFECT OF PROPOSED RATES AND CHARGES ON  
CUSTOMER'S AVERAGE MONTHLY BILL

	PRESENT BILL	PROPOSED BILL	AMOUNT OF INCREASE	PERCENT OF INCREASE
WATER:				
DISTRIBUTION CHARGE*	\$ 13.53	\$ 19.80	\$ 6.27	46.34%
WHOLESALE COST**	\$ 18.89	\$ 18.89	\$ .00	.00
TOTAL WATER	\$ 32.42	\$ 38.69	\$ 6.27	19.34%
SEWER	\$ 25.00	\$ 32.00	\$ 7.00	28.00%
COMBINED	\$ 57.42	\$ 70.69	\$13.27	23.11%

\* Company distribution charge.

\*\* The Utility will also charge for the cost of water supplied by the government body or agency, or other entity which is presently \$2.96 per 1,000 gallons.

The average water bill is based on average monthly residential water usage of 6,381 gallons.

Water and Wastewater Exhibit No. 3 shows the effect of proposed rates on a customer's average bill.

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UTILITIES DEPARTMENT  
EXHIBIT D  
PAGE 1 OF 2

TEGA CAY WATER SERVICE, INC.  
BUSINESS OFFICE COMPLIANCE REVIEW REPORT

UTILITY: TEGA CAY WATER SERVICE, INC. INSPECTOR: CREECH/BURGESS

OFFICE: CHARLOTTE, N.C. DATE: AUGUST 29, 1996

COMPANY: SANDRA BERRY

IN COMPLIANCE  
YES OR NO\*

- YES 1. Are all records and reports available for examination in accordance with Rule R.103-710 and R.103-510?
- YES 2. Are complaint records maintained in accordance with Rule R.103-716 and R.103-516?
- YES 3. Are the utility's rates, its rules and regulations, and its up-to-date maps and plans available for public inspection in accordance with Rule R.103-730 and R.103-530?
- YES 4. Are procedures established to assure that every customer making a complaint is made aware that the utility is under the jurisdiction of the South Carolina Public Service Commission and that the customer has the right to register the complaint in accordance with Rule R.103-730 and R.103-530?
- YES 5. Are deposits charged within the limits established by Rule R.103-731 and R.103-531?
- YES 6. Are timely and accurate bills being rendered to customers in accordance with Rule R.103-733 and R.103-532?
- YES 7. Are bill forms in accordance with Rule R.103-732 and R.103-532?
- YES 8. Are adjustments of bills handled in accordance with Rule R.103-733 and R.103-533?

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UTILITIES DEPARTMENT  
EXHIBIT D  
PAGE 2 OF 2

- YES 9. Is the policy for customer denial or discontinuance of service in accordance with Rule R.103-735 and R.103-535?
- YES 10. Are notices sent to customers prior to termination in accordance with Rule R.103-735 and R.103-535?
- YES 11. Are notices posted in a conspicuous place informing the public that copies of rate schedules and rules relating to service are available for inspection in accordance with Rule R.103-730 and R.103-530?
- YES 12. Does the utility have adequate means (Telephone, etc.) whereby each customer can contact the water and/or wastewater utility at all hours in cases of emergency or unscheduled interruptions or service in accordance with Rule R.103-730 and R.103-530?
- YES 13. Are records kept of any condition resulting in any interruption of service affecting its entire system or major division, including a statement of time, duration, and cause of such an interruption in accordance with Rule R.103-714 and R.103-514?
- YES 14. Has the utility advised the Commission, in accordance with Rule R.103-712 and R.103-512 of the name, title, address and telephone number of the person who should be contacted in connection with:
- (a) General management duties?
  - (b) Customer relations (complaints)?
  - (c) Engineering operations?
  - (d) Meter tests and repairs?
  - (e) Emergencies during non-office hours?

\*A "NO" RESPONSE REQUIRES A NOTE IN THE COMMENT SECTION

COMMENTS:

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TEGA CAY WATER SERVICE, INC.  
REVIEW OF SERVICE PROVIDED BY THE COMPANY

On August 30, 1996, personnel from the South Carolina Public Service Commission conducted an inspection of the sewer and water systems operated by Tega Cay Water Service, Inc. which provides sewer collection and treatment as well as water distribution service to customers in Tega Cay, South Carolina. The Company provides acceptable service to its customers.

The following pages are a summary of Staff's inspection of the facilities owned and operated by Tega Cay Water Service, Inc.

TEGA CAY WATER SERVICE, INC.

SEWERAGE  
SYSTEM INSPECTION

UTILITY TEGA CAY WATER SERVICE, INC. NUMBER OF CUSTOMERS 1452  
SYSTEM TEGA CAY, S.C. DATE INSPECTED AUGUST 30, 1996  
INSPECTED BY CREECH/BURGESS COMPANY REPRESENTATIVE BUBBA ESTES  
PLANT NUMBER 2 TYPE OF PLANT-MECHANICAL X LAGOON \_\_\_\_\_  
EXTENT OF TREATMENT PRIMARY \_\_\_\_\_ SECONDARY X TERTIARY \_\_\_\_\_  
AERATORS YES X NO \_\_\_\_\_  
CHLORINATOR YES X NO \_\_\_\_\_  
OTHER CHEMICALS IN USE YES X SO2 \_\_\_\_\_  
PLANT FENCED YES X NO \_\_\_\_\_ LOCKED YES X NO \_\_\_\_\_  
WARNING SIGNS VISIBLE YES X NO \_\_\_\_\_  
HOLES IN FENCE YES \_\_\_\_\_ NO X \_\_\_\_\_  
EROSION OF DIKES YES \_\_\_\_\_ NO X \_\_\_\_\_  
ODOR YES \_\_\_\_\_ NO X \_\_\_\_\_  
GRASS CUT YES X NO \_\_\_\_\_  
DUCK WEED OR ALGAE YES \_\_\_\_\_ NO X \_\_\_\_\_  
GREASE BUILD-UP YES \_\_\_\_\_ NO X \_\_\_\_\_  
DEBRIS INSIDE PLANT YES \_\_\_\_\_ NO X \_\_\_\_\_  
COLOR OF EFFLUENT CLEAR \_\_\_\_\_  
LIFT STATIONS YES X NO \_\_\_\_\_ NUMBER 20  
FAILURE WARNING SYSTEM YES X NO \_\_\_\_\_  
ELECTRIC WIRING ACCEPTABLE X FAULTY \_\_\_\_\_  
OVERFLOWS YES \_\_\_\_\_ NO X \_\_\_\_\_  
CONDITION OF ACCESS ROAD GOOD X BAD \_\_\_\_\_  
NEW CONSTRUCTION YES X NO \_\_\_\_\_  
HOUSES YES X NO \_\_\_\_\_  
UTILITY YES \_\_\_\_\_ NO X \_\_\_\_\_  
FREQUENCY CHECKED BY OPERATOR DAILY (7 DAYS)  
LOCATION OF UTILITY OFFICE CHARLOTTE, N. C. OF SYSTEM TEGA CAY  
IS SUBDIVISION PROVIDED WATER BY THIS UTILITY? YES X NO \_\_\_\_\_  
OTHER COMMENTS: \_\_\_\_\_

DOCKET NO. 96-137-W/S  
UTILITIES DEPARTMENT  
EXHIBIT E  
PAGE 3 OF 5

TEGA CAY WATER SERVICE, INC.

SEWERAGE  
SYSTEM INSPECTION

UTILITY TEGA CAY WATER SERVICE, INC. NUMBER OF CUSTOMERS 1452  
SYSTEM TEGA CAY, S.C. DATE INSPECTED AUGUST 30, 1996  
INSPECTED BY CREECH/BURGESS COMPANY REPRESENTATIVE BUBBA ESTES  
PLANT NUMBER 3 TYPE OF PLANT-MECHANICAL X LAGOON  
EXTENT OF TREATMENT PRIMARY SECONDARY X TERTIARY  
AERATORS YES X NO  
CHLORINATOR YES X NO  
OTHER CHEMICALS IN USE YES X SO2  
PLANT FENCED YES X NO LOCKED YES X NO  
WARNING SIGNS VISIBLE YES X NO  
HOLES IN FENCE YES NO X  
EROSION OF DIKES YES NO X  
ODOR YES NO X  
GRASS CUT YES X NO  
DUCK WEED OR ALGAE YES NO X  
GREASE BUILD-UP YES NO X  
DEBRIS INSIDE PLANT YES NO X  
COLOR OF EFFLUENT CLEAR  
LIFT STATIONS YES X NO NUMBER 20  
FAILURE WARNING SYSTEM YES X NO  
ELECTRIC WIRING ACCEPTABLE X FAULTY  
OVERFLOWS YES NO X  
CONDITION OF ACCESS ROAD GOOD X BAD  
NEW CONSTRUCTION YES X NO  
HOUSES YES X NO  
UTILITY YES NO X  
FREQUENCY CHECKED BY OPERATOR DAILY (7 DAYS)  
LOCATION OF UTILITY OFFICE CHARLOTTE, N. C. OF SYSTEM TEGA CAY  
IS SUBDIVISION PROVIDED WATER BY THIS UTILITY? YES X NO  
OTHER COMMENTS:

TEGA CAY WATER SERVICE, INC.

SEWERAGE  
SYSTEM INSPECTION

UTILITY TEGA CAY WATER SERVICE, INC. NUMBER OF CUSTOMERS 1452  
SYSTEM TEGA CAY, S.C. DATE INSPECTED AUGUST 30, 1996  
INSPECTED BY CREECH/BURGESS COMPANY REPRESENTATIVE BUBBA ESTES  
PLANT NUMBER 4 TYPE OF PLANT-MECHANICAL X LAGOON \_\_\_\_\_  
EXTENT OF TREATMENT PRIMARY \_\_\_\_\_ SECONDARY X TERTIARY \_\_\_\_\_  
AERATORS YES X NO \_\_\_\_\_  
CHLORINATOR YES X NO \_\_\_\_\_  
OTHER CHEMICALS IN USE YES X SO2 \_\_\_\_\_  
PLANT FENCED YES X NO \_\_\_\_\_ LOCKED YES X NO \_\_\_\_\_  
WARNING SIGNS VISIBLE YES X NO \_\_\_\_\_  
HOLES IN FENCE YES \_\_\_\_\_ NO X \_\_\_\_\_  
EROSION OF DIKES YES \_\_\_\_\_ NO X \_\_\_\_\_  
ODOR YES \_\_\_\_\_ NO X \_\_\_\_\_  
GRASS CUT YES X NO \_\_\_\_\_  
DUCK WEED OR ALGAE YES \_\_\_\_\_ NO X \_\_\_\_\_  
GREASE BUILD-UP YES \_\_\_\_\_ NO X \_\_\_\_\_  
DEBRIS INSIDE PLANT YES \_\_\_\_\_ NO X \_\_\_\_\_  
COLOR OF EFFLUENT CLEAR \_\_\_\_\_  
LIFT STATIONS YES X NO \_\_\_\_\_ NUMBER 20 \_\_\_\_\_  
FAILURE WARNING SYSTEM YES X NO \_\_\_\_\_  
ELECTRIC WIRING ACCEPTABLE X FAULTY \_\_\_\_\_  
OVERFLOWS YES \_\_\_\_\_ NO X \_\_\_\_\_  
CONDITION OF ACCESS ROAD GOOD X BAD \_\_\_\_\_  
NEW CONSTRUCTION YES X NO \_\_\_\_\_  
HOUSES YES X NO \_\_\_\_\_  
UTILITY YES \_\_\_\_\_ NO X \_\_\_\_\_  
FREQUENCY CHECKED BY OPERATOR DAILY (7 DAYS) \_\_\_\_\_  
LOCATION OF UTILITY OFFICE CHARLOTTE, N. C. OF SYSTEM TEGA CAY  
IS SUBDIVISION PROVIDED WATER BY THIS UTILITY? YES X NO \_\_\_\_\_  
OTHER COMMENTS: \_\_\_\_\_



TEGA CAY WATER SERVICE, INC.

WATER  
SYSTEM INSPECTION

UTILITY TEGA CAY WATER SERVICE, INC. NUMBER OF CUSTOMERS 1,519  
SYSTEM TEGA CAY, S.C. DATE INSPECTED AUGUST 30, 1996  
INSPECTED BY CREECH/BURGESS COMPANY REPRESENTATIVE BUBBA ESTES  
TOTAL NUMBER OF WELL SITES 7  
NUMBER OF WELLS NOT IN OPERATION 7  
REASON FOR INOPERABLE WELLS WELLS ARE USED FOR BACK UP ONLY  
PUMP HOUSES YES X NO        NUMBER 7  
ELECTRIC WIRING ACCEPTABLE X FAULTY         
EXPOSED PIPING YES        NO X  
CHLORINATOR YES X OTHER CHEMICALS NO X  
STORAGE PRESSURE TANK        NON-PRESSURE TANK X  
GROUND LEVEL        OVERHEAD X  
SIZE IN GALLONS 250,000  
P.S.I. AT TANK 67  
METERS YES X NO         
FIRE HYDRANTS YES X NO         
AIR IN LINES YES        NO X  
SAND IN WATER YES        NO X  
CLARITY OF WATER CLEAR  
ODOR NO  
LEAKS OBSERVED YES        NO X  
NEW CONSTRUCTION YES X NO         
HOUSES YES X NO         
UTILITY YES        NO X  
FREQUENCY CHECKED BY OPERATOR DAILY  
LOCATION OF UTILITY OFFICE CHARLOTTE, N. C.  
LOCATION OF SYSTEM TEGA CAY, S. C.  
IS SYSTEM PROVIDED SEWER BY THIS UTILITY? YES X NO         
OTHER COMMENTS: NO. 5 AND NO. 6 WELLS HAVE EMERGENCY  
GENERATORS



THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

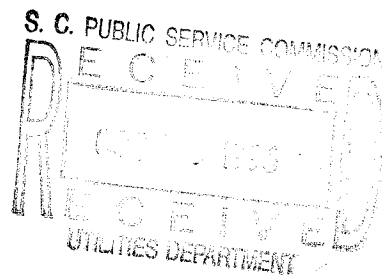
STAFF REPORT

OF THE

ACCOUNTING DEPARTMENT

AND

UTILITIES DEPARTMENT



DOCKET NO. 96-137-W/S

TEGA CAY WATER SERVICE, INC.

REPORT OF ACCOUNTING DEPARTMENT  
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 96-137-W/S  
TEGA CAY WATER SERVICE, INC.

REPORT OF ACCOUNTING DEPARTMENT  
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
DOCKET NO. 96-137-W/S  
TEGA CAY WATER SERVICE, INC.

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REPORT OF ACCOUNTING DEPARTMENT  
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
DOCKET NO. 96-137-W/S  
TEGA CAY WATER SERVICE, INC.

SYNOPSIS

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<u>Amount Requested</u>	\$	\$	\$
	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
Per Company-----	109,940	121,582	231,523
Per Staff-----	107,767*	119,976*	227,743*
Percentage Increase-----	19.24%*	27.75%*	22.95%*

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	\$	\$	\$
<u>Operating Margin</u>	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
Per Books	(9.55%)	(1.91%)	( 4.62%)
As Adjusted	1.27%	(4.73%)	( 1.34%)
After Proposed Increase	11.31%	11.81%	11.54%

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\*The Accounting Department was furnished these figures by the Utilities Department.

REPORT OF ACCOUNTING DEPARTMENT  
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
DOCKET NO. 96-137-W/S  
TEGA CAY WATER SERVICE, INC.

ANALYSIS

The Accounting Department Staff has made a review of the Application of Tega Cay Water Service, Inc. (hereinafter referred to as "the Company") along with certain of the Company's accounting records, relative to the Company's application for authority to increase certain rates and charges as shown in Docket No. 96-137-W/S.

The Accounting Department respectfully submits the results of its review as follows:

1. The Company filed an application on June 27, 1996 for approval of rates and charges for water and sewer services provided to its residential customers.
2. This matter was set for public hearing on Thursday, October 24, 1996 at 10:30 a.m.
3. The Company's corporate office is at 2335 Sanders Road, Northbrook, Illinois, 60062.
4. The Company's application utilizes a December 31, 1995 test period and requests an increase in revenues of \$109,940 for water operations and \$121,582 for sewer operations.

The Accounting Department Staff's exhibits relative to the Company's proposed increase are as follows:

EXHIBIT AC: OPERATING EXPERIENCE, RATE BASE, AND OPERATING MARGIN  
-COMBINED

Shown in this exhibit are the Company's water and sewer operations for the twelve months ended December 31, 1995, with respect to Operating Experience, Rate Base, and Operating Margin. The exhibit's format is designed to reflect per book information and applicable accounting and pro forma adjustments necessary to normalize the results of the Company's test year operations.

Staff verified the per book balances to the Company's books and records. The book figures reflect that the Company's water revenues totaled \$232,254 and sewer revenues totaled \$425,535, miscellaneous revenues totaled \$13,139, and other revenue totaled \$1,469, for Total Operating Revenues of \$672,397. Total Operating Expenses amounted to \$599,745 resulting in Net Operating Income of \$72,652. To this amount was added AFUDC of \$1,052 for Total Income for Return of \$73,704. Total Income for Return of \$73,704, less interest expense of \$104,782, and Operating Revenues of \$672,397 produced an Operating Margin of (4.62%).

Staff normalized the Company's operations by employing Adjustments #1 through #15. The net effect of the adjustments increased Total Income for Return from \$73,704 to \$91,474 producing an Operating Margin of (1.34%) after interest.

The Company has requested an increase in rates which would produce additional gross annual revenues of \$107,324 for water operations, \$119,483 for sewer operations, and \$936 for miscellaneous revenue. These figures were supplied by the Utilities Department.

After the proposed increase, Water Revenues amounted to



\$346,434, sewer revenues amounted to \$546,208, miscellaneous revenues amounted to \$14,075, and purchased water revenues amounted to \$313,449, for Total Operating Revenues of \$1,220,166. Operating Expenses amounted to \$976,645 which produced Net Operating Income of \$243,521. Customer Growth of \$2,042 was added to this amount for Total Income for Return of \$245,563. Total Operating Revenues of \$1,220,166 and Total Income For Return of \$245,563, less interest expense of \$104,782, produced an Operating Margin of 11.54%.

EXHIBIT AW: OPERATING EXPERIENCE, RATE BASE, AND OPERATING

MARGIN-WATER Shown in this exhibit are the Company's water operations for the twelve months ended December 31, 1995, with respect to Operating Experience, Rate Base, and Operating Margin. The exhibit's format is designed to reflect per book information and applicable accounting and pro forma adjustments necessary to normalize the results of the Company's test year operations.

Staff verified the per book balances to the Company's books and records. The book figures reflect that the Company's water revenues totaled \$232,254, miscellaneous revenues totaled \$5,662, and rental revenue totaled \$751, for Total Operating Revenues of \$238,667. Total Operating Expenses amounted to \$238,455 resulting in Net Operating Income of \$212. To this amount was added AFUDC of \$538 for Total Income for Return of \$750. Total Income for Return of \$750 less interest expense of \$23,545 and Operating Revenues of \$238,667 produced an Operating Margin of (9.55%).

Staff normalized the Company's operations by employing Adjustments #1 through #15. The net effect of the adjustments increased Total Income for Return from \$750 to \$30,671 producing an

Operating Margin of 1.27%.

The Company has requested an increase in rates which would produce additional gross annual revenues of \$107,324 for water operations and \$443 for miscellaneous revenue. These figures were supplied by the Utilities Department.

After the proposed increase, Water Revenues amounted to \$346,434, miscellaneous revenues amounted to \$7,980, and purchased water revenue amounted to \$313,449, for Total Operating Revenues of \$667,863. Operating Expenses amounted to \$569,802 which produced Net Operating Income of \$98,061. Customer Growth of \$1,038 was added to this amount for Total Income for Return of \$99,099. Total Operating Revenues of \$667,863 and Total Income For Return of \$99,099 less interest expense of \$23,545, produced an Operating Margin of 11.31%.

EXHIBIT AS: OPERATING EXPERIENCE, RATE BASE, AND OPERATING MARGIN-SEWER

Shown in this exhibit are the Company's sewer operations for the twelve months ended December 31, 1995, with respect to Operating Experience, Rate Base, and Operating Margin. The exhibit's format is designed to reflect per book information and applicable accounting and pro forma adjustments necessary to normalize the results of the Company's test year operations.

Staff verified the per book balances to the Company's books and records. The book figures reflect that the Company's sewer revenues totaled \$425,535, miscellaneous revenues totaled \$7,477, and other revenue totaled \$718, for Total Operating Revenues of \$433,730. Total Operating Expenses amounted to \$361,290 resulting in Net Operating Income of \$72,440. To this amount was added AFUDC of

\$514 for Total Income for Return of \$72,954. Total Income for Return of \$72,954 less interest expense of \$81,237 and Operating Revenues of \$433,730 produced an Operating Margin of (1.91%).

Staff normalized the Company's operations by employing Adjustments #1 through #14. The net effect of the adjustments decreased Total Income for Return from \$72,954 to \$60,803 producing an Operating Margin of (4.73%).

The Company has requested an increase in rates which would produce additional gross annual revenues of \$119,483 for sewer operations and \$493 for miscellaneous revenues. These figures were supplied by the Utilities Department.

After the proposed increase, sewer revenues amounted to \$546,208, and miscellaneous revenues amounted to \$6,095, for Total Operating Revenues of \$552,303. Operating Expenses amounted to \$406,843 which produced Net Operating Income of \$145,460. Customer Growth of \$1,004 was added to this amount for Total Income for Return of \$146,464. Total Operating Revenues of \$552,303 and Total Income For Return of \$146,464, less interest expense of \$81,237, produced an Operating Margin of 11.81%.

**EXHIBITS AC-1, AW-1, & AS-1: EXPLANATION OF ACCOUNTING AND PRO FORMA ADJUSTMENTS COMBINED, WATER, & SEWER**

Shown in these exhibits are the details of each accounting and pro forma adjustment necessary to normalize the Company's water and sewer operations. For comparative purposes, Company and Staff adjustments are both presented in these exhibits.

**EXHIBITS AC-2, AW-2, AS-2: PROPOSED INCREASE**

These exhibits show the effects of the Utilities Department's

computation of the effect of the proposed increase along with increases in uncollectibles, gross receipts taxes, and income taxes resulting from the increase. The exhibits are broken down by water, sewer, and combined operations.

EXHIBIT A-2: COMPUTATION OF CUSTOMER GROWTH

Total customers served during the test year increased from 1,487 to 1,519 for water operations and 1,431 to 1,452 for sewer operations, producing customer growth factors of 1.06% and .69%, respectively.

EXHIBIT A-3: COMPUTATION OF CASH WORKING CAPITAL

Shown in this exhibit is the computation of the allowance for cash working capital using a forty-five (45) day lag from the time expenses are paid until revenues are received. The allowance per books totaled \$62,043 for water, \$36,350 for sewer, and \$98,393 combined.

EXHIBIT A-4: INCOME STATEMENT-FOR THE TEST YEAR ENDED DECEMBER 31, 1995

Income statement figures for the test year ending December 31, 1995 are reflected in this exhibit. Staff verified all balances contained in this statement to the Company's books and records.

EXHIBIT A-5: BALANCE SHEET-FOR THE TEST YEAR ENDED DECEMBER 31, 1995

Shown in this exhibit is the statement of financial position for the Company as of the end of the test year, December 31, 1995. Staff verified the balances contained in this statement to the Company's books and records.

TEGA CAY WATER SERVICE, INC.—COMBINED OPERATIONS Accounting  
Operating Experience, Rate Base, and Operating Margin Exhibit AC  
For the Test Year Ended December 31, 1995

	(1)	(2)	(3)	(4)	(5)
	Per	Adj. Pro-Forma	AS	Adj. Prop.	After
	Filing	No. Adjust.	Adjusted No.	Inc.	Increase
	\$	\$	\$	\$	\$
<b>OPERATING REVENUE</b>					
Water	232,254	(1) 6,856	239,110	(16) 107,324	346,434
Sewer	425,535	(1) 1,190	426,725	(16) 119,483	546,208
Miscellaneous	13,139	(2) -	13,139	(17) 936	14,075
Other	1,469	(3) (1,469)	-	-	-
Purch. Water	-	(1) 313,449	313,449	-	313,449
	<u>672,397</u>	<u>320,026</u>	<u>992,423</u>	<u>227,743</u>	<u>1,220,166</u>
<b>OPERATING EXPENSE</b>					
Oper. & Maint.	321,918	(4) 263,885	585,803	-	585,803
Admin. & Gen.	156,197	(5) (13,966)	142,231	(18) 683	142,914
Depreciation	75,033	(6) (12,937)	62,096	-	62,096
Taxes-Other	115,546	(7) (5,950)	109,596	(19) 2,505	112,101
Inc. Tax	(69,664)	(8) 69,664	-	(20) 71,769	71,769
Int.-Cust. Dep.	715	(9) 1,247	1,962	-	1,962
	<u>599,745</u>	<u>301,943</u>	<u>901,688</u>	<u>74,957</u>	<u>976,645</u>
NET OPER. INCOME	72,652	18,083	90,735	152,786	243,521
Cust. Growth (A-2)		739	739	1,303	2,042
AFUDC	1,052	(10) (1,052)	-	-	-
TOT. INCOME.FOR RET.	<u>73,704</u>	<u>17,770</u>	<u>91,474</u>	<u>154,089</u>	<u>245,563</u>
<b>RATE BASE</b>					
Gross Plant	11,238,835	(11) (312,477)	10,926,358	-	10,926,358
CIAC	(8,102,645)	(15) 239,215	(7,863,430)	-	(7,863,430)
Acq. Adjust.	319,568	(13) (319,568)	-	-	-
Acc. Dep.	(666,495)	(12) (11,171)	(677,666)	-	(677,666)
Net Plant	2,789,263	(404,001)	2,385,262	-	2,385,262
Mat. and Supp.	29,712	-	29,712	-	29,712
Wkng. Cap. (A-3)	73,659	24,734	98,393	-	98,393
Acc. Df. In. Tax (236,033)	-	-	(236,033)	-	(236,033)
Cust. Deposits (24,525)	-	-	(24,525)	-	(24,525)
Def. Charges	33,720	(14) (33,720)	-	-	-
WSC Alloc.	60,848	-	60,848	-	60,848
TOTAL RATE BASE	<u>2,726,644</u>	<u>(412,987)</u>	<u>2,313,657</u>	-	<u>2,313,657</u>
<b>OPERATING MARGIN</b>					
(After Interest)	<u>-4.62%</u>		<u>-1.34%</u>		<u>11.54%</u>



TEGA CAY WATER SERVICE, INC.-SEWER OPERATIONS  
Operating Experience, Rate Base, and Operating Margin  
For the Test Year Ended December 31, 1995

	(1)	(2)	(3)	(4)	(5)
	Per Filing	Adj. Pro-Forma	As Adjusted	Adj. Prop. Inc.	After Increase
	No.	No.	No.	No.	No.
	\$	\$	\$	\$	\$
<u>OPERATING REVENUE</u>					
Sewer	425,535	(1) 1,190	426,725	(15) 119,483	546,208
Miscellaneous	7,477	(2) (1,875)	5,602	(16) 493	6,095
Rental	718	(3) (718)	-	-	-
	<u>433,730</u>	<u>(1,403)</u>	<u>432,327</u>	<u>119,976</u>	<u>552,303</u>
<u>OPERATING EXPENSE</u>					
Oper. and Maint.	214,267	(4) (22,436)	191,831	-	191,831
Admin. and Gen.	76,652	(5) (7,298)	69,354	(17) 360	69,714
Depreciation	55,571	(6) (4,993)	50,578	-	50,578
Taxes-Other	58,106	(7) 1,113	59,219	(18) 1,319	60,538
Inc. Tax (A-4)	(43,655)	(8) 43,655	-	(19) 33,223	33,223
Int.-Cust. Dep.	349	(9) 610	959	-	959
	<u>361,290</u>	<u>10,651</u>	<u>371,941</u>	<u>34,902</u>	<u>406,843</u>
Net Oper. Income	72,440	(12,054)	60,386	85,074	145,460
Cust. Growth (A-2)		417	417	587	1,004
AFUDC	514	(10) (514)	-	-	-
Tot. Inc. for Ret.	<u>72,954</u>	<u>(12,151)</u>	<u>60,803</u>	<u>85,661</u>	<u>146,464</u>
<u>RATE BASE</u>					
Gross Plant	8,560,752	(11) (16,591)	8,544,161	-	8,544,161
CIAC	(6,150,236)	-	(6,150,236)	-	(6,150,236)
Acq. Adj.	275,636	(13) (275,636)	-	-	-
Acc. Dep.	(483,492)	(12) (9,311)	(492,803)	-	(492,803)
Net Plant	<u>2,202,660</u>	<u>(301,538)</u>	<u>1,901,122</u>	-	<u>1,901,122</u>
Mat. and Sup.	14,520	-	14,520	-	14,520
Work. Cap. (A-3)	43,273	(6,923)	36,350	-	36,350
Acc. Df. Taxes	(176,060)	-	(176,060)	-	(176,060)
Cust. Dep.	(11,985)	-	(11,985)	-	(11,985)
Def. Charges	15,744	(14) (15,744)	-	-	-
WSC Alloc.	29,816	-	29,816	-	29,816
TOTAL RATE BASE	<u>2,117,968</u>	<u>(324,205)</u>	<u>1,793,763</u>	-	<u>1,793,763</u>
<u>OPERATING MARGIN</u>					
(After Interest)	<u>-1,913</u>		<u>-4,733</u>		<u>11,813</u>

TEGA CAY WATER SERVICE, INC. (COMBINED OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AC-1  
PAGE 1 OF 4

DESCRIPTION	OPER. REVENUE	MISC. REV.	OTHER REVENUE	OPER. & MAINT.	GEN. & ADMIN.	DEP.
	\$	\$	\$	\$	\$	\$
(1) To annualize water revenue for the test year.						
Per Company	6,857					
Per Staff-U	6,856					
(2) To annualize sewer revenue.						
Per Company	1,190					
Per Staff-U	1,190					
(3) To annualize misc. revenue.						
Per Company		188				
Per Staff-A&U		-0-				
(4) To annualize operating salaries.						
Per Company				( 51,767)		
Per Staff-A				( 51,767)		
(5) Purchased water						
Per Company	-0-			9,824		
Per Staff-A	313,449			313,449		
(6) Maint. & Repair						
Per Company				( 308)		
Per Staff-A				( 308)		
(7) Transportation						
Per Company				5,305		
Per Staff-A				5,305		
(8) Uncollectibles						
Per Company					24	
Per Staff-A					979	
(9) General salaries and wages						
Per Company					( 1,279)	
Per Staff-A					( 1,279)	
(10) Pensions and ben.						
Per Company					(11,173)	
Per Staff-A					(11,173)	



TEGA CAY WATER SERVICE, INC. (COMBINED OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AC-1  
PAGE 2 OF 4

DESCRIPTION	OPER. REVENUE	MISC. REV.	OTHER REVENUE	OPER. & MAINT.	GEN. & ADMIN.	DEP.
	\$	\$	\$	\$	\$	\$
(11) To remove non-oper. revenue.						
Per Company			-0-			
Per Staff-A			( 1,469)			
(12) Oper. exp. charged to plant.						
Per Company				1,623		
Per Staff-A				1,623		
(13) Regulatory exp.						
Per Company					( 2,493)	
Per Staff-A					( 2,493)	
(14) To annualize dep. and remove amortization. of acquisition adj.						
Per Company						( 6,631)
Per Staff-A						( 6,631)
(15) To eliminate surplus wells.						
Per Company				-0-		-0-
Per Staff-U&A				( 4,194)		( 6,306)
(16) To eliminate non- allowables.						
Per Company				-0-		
Per Staff-A				( 223)		
TOTALS						
Per Company	8,047	188	-0-	( 35,323)	(14,921)	( 6,631)
Per Staff	321,495	-0-	( 1,469)	263,885	(13,966)	(12,937)
	(1)	(2)	(3)	(4)	(5)	(6)

TEGA CAY WATER SERVICE, INC. (COMBINED OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AC-1  
PAGE 3 OF 4

DESCRIPTION -----	TAX- OTHER. ----- \$	INC. TAXES ----- \$	Interest Cust.Dep. ----- \$	AFUDC ----- \$
(17) To annualize payroll taxes for wage adj. Per Company Per Staff-A	 ( 4,279) ( 4,279)			
(18) To annualize gross receipts taxes. Per Company Per Staff-A	 5,050 8,519			
(19) To annualize interest on customer deposits. Per Company Per Staff-A			 -0- 1,247	
(20) To eliminate surplus wells. Per Company Per Staff-U&A	 -0- (10,190)			
(21) To remove allowance for funds used during construction (AFUDC) Per Company Per Staff-A				 ( 1,052) ( 1,052)
(22) Income Taxes Per Company Per Staff-A		 52,223 69,664		
Totals:				
Per Company	771	52,223	-0-	( 1,052)
Per Staff	( 5,950)	69,664	1,247	( 1,052)
	(7)	(8)	(9)	(10)

TEGA CAY WATER SERVICE, INC. (COMBINED OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AC-1  
PAGE 4 OF 4

DESCRIPTION -----	PLANT	ACCUM. DEP.	ACQ. ADJ.	DEF. CHARGES	CIAC
	\$	\$	\$	\$	\$
(22) To adjust plant and accumulated depreciation to actual at end of test year.					
Per Company	2,802	12,913			
Per Staff-A	2,802	12,913			
(23) To eliminate acquisition adjustment.					
Per Company			(319,568)		
Per Staff-A			(319,568)		
(24) To remove deferred charges.					
Per Company				(33,720)	
Per Staff				(33,720)	
(25) To remove excess wells					
Per Company	-0-				
Per Staff-U&A	(315,279)	(24,084)			239,215
 TOTALS					
Per Company	2,802	12,913	(319,568)	(33,720)	
Per Staff	(312,477)	(11,171)	(319,568)	(33,720)	239,215
	(11)	(12)	(13)	(14)	(15)

TEGA CAY WATER SERVICE, INC. (WATER OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AW-1  
PAGE 1 of 4

DESCRIPTION	OPER. REVENUE	MISC. REV.	OTHER REVENUE	OPER.& MAINT.	GEN. & ADMIN.	DEP.
	\$	\$	\$	\$	\$	\$
(1) To annualize water revenue for the test year.						
Per Company	6,857					
Per Staff-U	6,856					
(2) To remove non-oper. revenue.						
Per Company			-0-			
Per Staff-A			( 751)			
(3) To annualize misc. revenue.						
Per Company		167				
Per Staff-A&W		1,875				
(4) To annualize operating salaries.						
Per Company				( 26,468)		
Per Staff-A				( 26,468)		
(5) Purchased water						
Per Company	-0-			9,824		
Per Staff-A	313,449			313,449		
(6) Maint. & Repair						
Per Company				101		
Per Staff-A				101		
(7) Transportation						
Per Company				2,712		
Per Staff-A				2,712		
(8) Uncollectibles						
Per Company					( 21)	
Per Staff-A					975	
(9) General salaries and wages						
Per Company					( 654)	
Per Staff-A					( 654)	
(10) Pensions and ben.						
Per Company					( 5,715)	
Per Staff-A					( 5,715)	

TEGA CAY WATER SERVICE, INC. (WATER OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AW-1  
PAGE 2 of 4

DESCRIPTION	OPER. REVENUE	MISC. REV.	OTHER REVENUE	OPER. & MAINT.	GEN. & ADMIN.	DEP.
	\$	\$	\$	\$	\$	\$
(11) Oper. exp. charged to plant.						
Per Company				830		
Per Staff-A				830		
(12) Regulatory exp.						
Per Company					( 1,274)	
Per Staff-A					( 1,274)	
(13) To annualize dep. and remove amortization. of acquisition adj.						
Per Company						( 1,638)
Per Staff-A						( 1,638)
(14) To eliminate surplus wells.						
Per Company				-0-		-0-
Per Staff-U&A				( 4,194)		( 6,306)
(15) To eliminate non- allowables.						
Per Company				-0-		
Per Staff-A				( 109)		
 TOTALS						
Per Company	6,857	167	-0-	( 13,001)	( 7,664)	( 1,638)
Per Staff	320,305	1,875	( 751)	286,321	( 6,668)	( 7,944)
	(1)	(2)	(3)	(4)	(5)	(6)

TEGA CAY WATER SERVICE, INC. (WATER OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AW-1  
PAGE 3 OF 4

	TAX- OTHER.	INC. TAXES	INTEREST CUST.DEP.	AFUDC
	\$	\$	\$	\$
(16) To annualize payroll taxes for wage adj.				
Per Company	( 2,187)			
Per Staff-A	( 2,187)			
(17) To annualize gross receipts taxes.				
Per Company	1,839			
Per Staff-A	5,314			
(18) To annualize interest on customer deposits.				
Per Company			-0-	
Per Staff-A			637	
(19) To remove AFUDC for ratemaking.				
Per Company				( 538)
Per Staff-A				( 538)
(20) To eliminate surplus wells				
Per Company	-0-			
Per Staff-A	(10,190)			
(21) Income Taxes				
Per Company		17,542		
Per Staff		26,009		
Totals:				
Per Company	( 348)	17,542	-0-	( 538)
Per Staff	( 7,063)	26,009	637	( 538)
	(7)	(8)	(9)	(10)

TEGA CAY WATER SERVICE, INC. (WATER OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AW-1  
PAGE 4 OF 4

DESCRIPTION -----	PLANT	ACCUM. DEP.	ACQ. ADJ.	DEF.CGS.	CIAC
	\$	\$	\$	\$	\$
(21) To adjust plant and accumulated depreciation to actual at end of test year.					
Per Company	1,433	6,602			
Per Staff-A	19,393	22,224			
(22) To eliminate acquisition adjustment.					
Per Company			( 43,932)		
Per Staff-A			( 43,932)		
(23) To remove deferred charges.					
Per Company				(17,976)	
Per Staff-A				(17,976)	
(24) To remove excess wells					
Per Company	-0-	-0-			
Per Staff-U&A	(315,279)	(24,084)			239,215
 TOTALS:					
Per Company	1,433	6,602	( 43,932)	(17,976)	
Per Staff	(295,886)	( 1,860)	( 43,932)	(17,976)	239,215
	(11)	(14)	(13)	(15)	(12)

TEGA CAY WATER SERVICE, INC. (SEWER OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AS-1  
PAGE 1 OF 4

DESCRIPTION	OPER. REVENUE	MISC. REV.	OTHER REVENUE	OPER. & MAINT.	GEN. & ADMIN.	DEP.
	\$	\$	\$	\$	\$	\$
(1) To annualize misc. revenue for the test year.						
Per Company		188				
Per Staff-U		(1,875)				
(2) To annualize sewer revenue.						
Per Company	1,190					
Per Staff-U	1,190					
(3) To remove non-utility revenue.						
Per Company			-0-			
Per Staff-A			( 718)			
(4) To annualize operating salaries.						
Per Company				( 25,299)		
Per Staff-A				( 25,299)		
(5) Purchased water						
Per Company						
Per Staff-A						
(6) Maint. & Repair						
Per Company				( 409)		
Per Staff-A				( 409)		
(7) Transportation						
Per Company				2,593		
Per Staff-A				2,593		
(8) Uncollectibles						
Per Company					( 4)	
Per Staff-A					4	
(9) General salaries and wages						
Per Company					( 625)	
Per Staff-A					( 625)	
(10) Pensions and ben.						
Per Company					( 5,458)	
Per Staff-A					( 5,458)	



TEGA CAY WATER SERVICE, INC. (SEWER OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AS-1  
PAGE 2 OF 4

DESCRIPTION	OPER. REVENUE	MISC. REV.	OTHER REVENUE	OPER. & MAINT.	GEN. & ADMIN.	DEP.
	\$	\$	\$	\$	\$	\$
(11) Oper. exp. charged to plant.						
Per Company				793		
Per Staff-A				793		
(12) Regulatory exp.						
Per Company					( 1,219)	
Per Staff-A					( 1,219)	
(13) To annualize dep and remove amortization of acquisition adj.						
Per Company						( 4,993)
Per Staff-A						( 4,993)
(14) To remove un- allowables.						
Per Company				-0-		
Per Staff-A				( 114)		
<b>TOTALS</b>						
Per Company	1,190	188	-0-	( 22,322)	( 7,306)	( 4,993)
Per Staff	1,190	(1,875)	( 718)	( 22,436)	( 7,298)	( 4,993)
	(1)	(2)	(3)	(4)	(5)	(6)

TEGA CAY WATER SERVICE, INC. (SEWER OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AS-1  
PAGE 3 OF 4

DESCRIPTION	TAX- OTHER.	INC. TAXES	INTEREST CUST.DEP.	AFUDC
	\$	\$	\$	\$
(15) To annualize payroll taxes for wage adj.				
Per Company	( 2,092)			
Per Staff-A	( 2,092)			
(16) To annualize gross receipts taxes.				
Per Company	3,211			
Per Staff-A	3,205			
(17) To annualize interest on customer deposits				
Per Company			-0-	
Per Staff			610	
(18) To remove AFUDC for ratemaking purposes.				
Per Company				( 514)
Per Staff-A				( 514)
(19) Income Taxes				
Per Company		34,681		
Per Staff-A		43,655		
TOTALS:				
Per Company	1,119	34,681	-0-	( 514)
Per Staff	1,113	43,655	610	( 514)
	(7)	(8)	(9)	(10)

TEGA CAY WATER SERVICE, INC. (SEWER OPERATIONS)  
ACCOUNTING AND PRO-FORMA ADJUSTMENTS  
FOR THE TEST YEAR ENDED DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT AS-1  
PAGE 4 OF 4

DESCRIPTION	PLANT	ACCUM. DEP.	ACQ. ADJ.	DEF.CGS.	CIAC
	\$	\$	\$	\$	\$
(19) To adjust plant and accumulated depreciation to actual at end of test year.					
Per Company	1,369	6,311			
Per Staff-A	(16,591)	( 9,311)			
(20) To eliminate acquisition adjustment.					
Per Company			(275,636)		
Per Staff-A			(275,636)		
(21) To remove deferred charges.					
Per Company				(15,744)	
Per Staff-A				(15,744)	
TOTALS					
Per Company	1,369	6,311	(275,636)	(15,744)	
Per Staff	(16,591)	( 9,311)	(275,636)	(15,744)	
	(11)	(12)	(13)	(14)	

TEGA CAY WATER SERVICE, INC.  
Proposed Increase (Combined Operations)  
For the Test Year Ended December 31, 1995

ACCOUNTING  
EXHIBIT AC-2

Description	Oper. Rev.	Misc. Rev.	Admin.& Gen.	Taxes- Other	Inc. Taxes
	\$	\$	\$	\$	\$
Proposed Inc.-Water					
Per Company	107,324	2,616	326	1,206	40,794
Per Staff-U	107,324	443	323	1,186	38,546
Proposed Inc.-Sewer					
Per Company	119,483	2,099	363	1,333	45,113
Per Staff-U	119,483	493	360	1,319	33,223
Totals:					
Per Company	226,807	4,715	689	2,539	85,907
Per Staff	226,807	936	683	2,505	71,769
	(16)	(17)	(18)	(19)	(20)

TEGA CAY WATER SERVICE, INC.  
Proposed Increase (Water Operations)  
For the Test Year Ended December 31, 1995

ACCOUNTING  
EXHIBIT AW-2

Description	Oper. Rev.	Misc. Rev.	Admin.& Gen.	Taxes- Other	Inc. Taxes
	\$	\$	\$	\$	\$
Proposed Inc.-Water					
Per Company	107,324	2,616	326	1,206	40,794
Per Staff-U	107,324	443	323	1,186	38,546
Totals:					
Per Company	107,324	2,616	326	1,206	40,794
Per Staff	107,324	443	323	1,186	38,546
	(16)	(17)	(18)	(19)	(20)

TEGA CAY WATER SERVICE, INC.  
Proposed Increase (Sewer Operations)  
For the Test Year Ended December 31, 1995

ACCOUNTING  
EXHIBIT AS-2

Description	Oper. Rev.	Misc. Rev.	Admin.& Gen.	Taxes- Other	Inc. Taxes
	\$	\$	\$	\$	\$
Proposed Inc.--Sewer					
Per Company	119,483	2,099	363	1,333	45,113
Per Staff-U	119,483	493	360	1,319	33,223
Totals:					
Per Company	119,483	2,099	363	1,333	45,113
Per Staff	119,483	493	360	1,319	33,223
	(15)	(16)	(17)	(18)	(19)

ACCOUNTING  
EXHIBIT A-2

TEGA CAY WATER SERVICE, INC.  
CUSTOMER GROWTH CALCULATION  
TEST YEAR ENDED DECEMBER 31, 1995

<u>Description</u>	<u>Growth Factor</u> %	<u>Operating Income</u> \$	<u>Customer Growth</u> \$
<u>Formula:</u>			
<u>End of Year - Average</u> Average			
<u>Water Operations:</u>			
$\frac{1,519 - 1,503}{1,503} = .0106$			
As Adjusted	.0106	30,349	322
After Increase	.0106	98,061	1,038
<u>Sewer Operations:</u>			
$\frac{1,452 - 1,442}{1,442} = .0069$			
As Adjusted	.0106	60,386	417
After Increase	.0106	145,460	1,004
<u>Combined Operations: (1)</u>			
As Adjusted	.0000	90,735	739
After Increase	.0000	243,521	2,042

(1) Note: Customer Growth for Combined Operations is the sum of growth for water and sewer operations.

TEGA CAY WATER SERVICE, INC.  
 Computation of Cash Working Capital Allowance  
 For the Test Year Ended December 31, 1995

ACCOUNTING  
 EXHIBIT A-3

Expenses	Per Books - As Corrected		
	Water	Sewer	Combined
Operation and Maintenance	107,651	214,267	321,918
General and Administrative	79,545	76,652	156,197
	187,196	290,919	478,115
Correcting Adjustments:			
Purchased Water	313,449		313,449
Well Expenses	( 4,194)		( 4,194)
Nonallowables	( 109)	( 114)	( 223)
	496,342	290,805	787,147
Allowance Rate	12.50%	12.50%	12.50%
Working Capital Allowance	62,043	36,350	98,393
	=====	=====	=====



TEGA CAY WATER SERVICE, INC.  
Per Book Income Statement  
For the Test Year Ended December 31, 1995  
(From Annual Report)

Accounting  
Exhibit A-4

	WATER	SEWER	COMBINED
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Operating Revenue	237,916	433,012	670,928
Operations	161,002	206,922	367,924
Maintenance	31,066	77,657	108,723
Depreciation	62,554	166,954	229,508
Taxes - Other	57,399	58,147	115,546
Taxes - Income	( 30,722)	( 38,942)	( 69,664)
Amort.- Acquisition Adj.	( 37,883)	(116,592)	(154,475)
	<u>243,416</u>	<u>354,146</u>	<u>597,562</u>
Operating Income	<u>( 5,500)</u>	<u>78,866</u>	<u>73,366</u>
Other Income & Expense:			
AFUDC	526	526	1,052
Interest Expense	<u>( 40,576)</u>	<u>(137,009)</u>	<u>(177,585)</u>
Net Income	<u>( 45,550)</u>	<u>( 57,617)</u>	<u>(103,167)</u>

TEGA CAY WATER SERVICE, INC.  
BALANCE SHEET  
DECEMBER 31, 1995

ACCOUNTING  
EXHIBIT A-5

ASSETS

	\$	\$
Plant In Service		11,268,547
Less: Accumulated Dep.		( 666,495)
Net Plant		<u>10,602,052</u>
Plant Acquisition Adj.		319,568
Current Assets:		
Accounts Recievable	64,172	
Other	1,000	65,172
Deferred Charges		<u>33,720</u>
		<u>11,020,512</u> =====

LIABILITIES AND OTHER CREDITS

Capital Stock		2,689,600
Retained Earnings		( 48,767)
		<u>2,640,833</u>
Current Liabilities:		
Accounts Payable	( 15,116)	
Accrued Taxes	13,241	
Customer Deposits	24,525	
Accrued Interest	3,351	
Other	15,000	41,001
Contributions-In-Aid of Construction		<u>8,102,645</u>
Accumulated, Deferred Taxes		236,033
Total Liabilities And Other Credits		<u>11,020,512</u> =====